

Message Text

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AMEMBASSY SINGAPORE
AMEMBASSY MANILA
AMEMBASSY TAIPEI
AMEMBASSY TOKYO
AMEMBASSY VIENTIANE
AMCONSUL HONG KONG
CINCPAC HONOLULU HI

C O N F I D E N T I A L PEKING 1903

CINCPAC FOR POLAD

E.O. 11652: GDS
TAGS: PDIP SREF EAID CH VN

SUBJ: SINO-VIETNAMESE DISPUTE OVER ETHNIC CHINESE

REF: A. HONG KONG 7757; B. STATE 153964 (NOTAL)
C. PEKING 1834, D. BANGKOK 17041

1. SUMMARY. THE PRESENT EXCHANGE OF VITRIOL BETWEEN
CHINA AND VIETNAM SEEMS TO BE AT LEAST IN PART AN OUT-
GROWTH OF PEKING'S INCREASING FRUSTRATION OVER ITS IN-
ABILITY TO INFLUENCE THE POLICIES OF ITS SOUTHERN
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NEIGHBOR. WHILE THE ETHNIC CHINESE WHO HAVE CROSSED THE
BORDER SO FAR APEAR TO BE LARGELY RURAL AND SMALL-TOWN
PEOPLE, AN INFLUX OF URBAN CHINESE WOULD PROBABLY BE
MORE DIFFICULT FOR THE PRC TO ABSORB. ALTHOUGH AID
PROJECTS WORTH \$500,000 HAVE BEEN CANCELLED, SOME
ASSISTANCE IS STILL CONTINUING. GIVEN THE ANIMOSITY
DISPLAYED IN THE CONTROVERSY OVER THE CONSULATES, A

FURTHER DETERIORATION OF RELATIONS CAN BE EXPECTED. END SUMMARY.

2. WE AGREE IN GENERAL WITH ANALYSES REF A AND D AAS TO ORIGINS OF PRESENT CRISIS. WE WOULD CAUTION, HOWEVER, AGAINST PLACING TOO MUCH WEIGHT ON HANOI'S CHARGE THAT MARCH CRACKDOWN ON CAPITALISTS WAS A MAJOR CAUSE OF CHINESE PROTEST. PRC PROPAGANDA HAS INDICATED THAT LARGE MAJORITY OF REFUGEES WHO HAVE REACHED CHINA ARE NOT ONLY FROM NORTH VIETNAM. BUT ARE FROM PROVINCES ALONG CHINESE BORDER. AT LEAST ACCORDING TO PEKING REPORTS, "CAPITALISM" SEEMS TO HAVE BEEN LESS OF AN ISSUE THAN ETHNIC ORIGIN AND, BY IMPLICATION POTENTIAL FOR SUBVERSIVE ACTIVITY ON BEHALF OF AN INCREASINGLY HOSTILE NEIGHBOR.

3. ACCORDING TO REPORTS CIRCULATING IN PEKING, RUMORS LAST APRIL THAT THE VIETNAMESE BORDER WITH CHINA WOULD CLOSE HELPED TOUCH OFF A PANIC AMONG CHINEESE RESIDENTS. THE IDENTITY OF THE ORIGINAL SOURCE OF THESE RUMORS IS UNCLEAR.

4. THE FACT THAT MOST REFUGEES SO FAR REACHING PRC APPEAR TO BE FROM RURAL AREAS OR SMALL BORDER TOWNS RAISES QUESTION AS TO NUMBERS OF CHOLON CHINESE WHO WILL ACTUALLY ACCEPT PEKING'S OFFER OF REPATRIATION. MOST REFUGEES SO FAR ARE EVIDENTLY DESTINED FOR OVER-CONFIDENTIAL

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SEAS CHINESE FARMS, AND THE LAI CHAU PEASANTS WILL PROBABLY FIND IT EASIER TO ADAPT TO THIS LIFE THAN THE CHOLON MERCHANTS AND RESTAURANTEURS. THOSE WHO GO WILL DO SO OUT OF BELIEF THAT LIFE IN THE SRV'S NEW ECONOMIC ZONES WOULD BE EVEN WORSE; NEVERTHELESS, DISILLUSIONMENT IS LIKELY TO SET IN, CREATING BOTH INTERNAL PROBLEMS FOR THE PRC AND PRESSURE ON THE ALREADY EXCESSIVE FLOW OF CHINESE ACROSS THE BORDER TO HONG KONG.

5. THE ENTIRE DISPUTE MUST BE AN INTENSELY FRUSTRATING ONE FOR PRC LEADERS. THE VIRTUAL INABILITY OVER THE LAST THREE YEARS TO EXERCISE ANY INFLUENCE OVER THE POLICIES OF ITS SMALL NEIGHBOR HAS UNDOUBTEDLY CREATED SOMETHING ASKING TO A "HELPLESS GIANT" COMPLEX AMONG FOREIGN POLICY MAKERS IN PEKING. THIS FRUSTRATION PROBABLY EXPLAINS THE SUDDENNESS AND PEREMPTORINESS OF THE PRC'S ACTIONS SINCE THE DISPUTE BECAME A PUBLIC IN LATE APRIL. PEKING'S HASTY EFFORTS TO JUSTIFY ITS INTERVENTION ON BEHALF OF THE CHINESE MINORITY APPEAR TO HAVE BEEN UNDERTAKEN WITHOUT WEIGHING FULLY THE IMPLICATIONS

FOR ITS RELATIONS WITH SUCH ASEAN COUNTRIES AS INDONESIA, SINGAPORE AND MALAYSIA. THEY HAVE ALSO LED TO SOME INCONSISTENCIES. THUS WHILE SOME CHINESE OFFICIALS HAVE BEEN TELLING DIPLOMATS HERE THAT THE MAJORITY OF RE-TURNEES ARE VIETNAMESE CITIZENS, LIAO CHENG-CHIH IN HIS JUNE 15 SPEECH STATED THAT ONLY A MINORITY OF NORTH VIETNAM'S CHINESE MINORITY HAD IN FACT CHOSEN VIETNAMESE NATIONALITY.

6. THE CONTROVERSY OVER CONSULATES IS ONLY THE LATEST EXAMPLE OF THE GAMES VIETNAM HAS BEEN PLAYING WITH ITS GIANT NEIGHBOR. HANOI ANNOUNCED ON JUNE 19 THAT PEKING, IN A NOTE DATED JUNE 16, HAD DEMANDED THE CLOSURE OF VIETNAM'S CONSULATES IN CANTON, NANNING AND KUNMING.
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THE PRC, AFTER MAINTAINING A SILENCE ON THE MATTER FOR SEVERAL DAYS, ANNOUNCED IN A STATEMENT JUNE 21 THAT WHILE THE SRV HAD AGREED "IN PRINCIPLE" TO THE ESTABLISHMENT OF CHINESE CONSULATES IN HAIPHONG AND HO CHI MINH CITY, IT HAD STALLED ON THE IMPLEMENTATION OF THAT AGREEMENT FOR ALMOST TWO YEARS AND HAD KEPT A TEAM OF CHINESE CONSULAR OFFICIALS COOLING THEIR HEELS IN HANOI FOR THREE MONTHS WHILE REFUSING TO GRANT THEM PERMISSION TO PROCEED TO THE SOUTH. CHINA HAS THUS CLOSED THE VIETNAMESE CONSULATES IN RETALIATION. THE VIETNAMESE AGREEMENT TO ALLOW THE OPENING OF THE HO CHI MINH CITY CONSULATE IN THE LAST QUARTER OF THIS YEAR -- I.E., AFTER THE REPATRIATION SHIPS HAVE COMPLETED THEIR WORK -- IS APPARENTLY SEEN IN PEKING AS JUST ONE MORE TRICK BY HANOI'S LEADERS.

7. DESPITE VIETNAMESE INTRANSIGENCE AND PEKING'S INCREASINGLY HIGH-HANDED RESPONSE, THE TWO ERSTWHILE ALLIES HAVE NOT CUT ALL THEIR TIES. PRC FOREIGN TRADE MINISTER LI CHIANG RECENTLY TOLD A THAI ECONOMIC DELEGATION THAT WHILE PEKING WITHDREW FROM 72 ASSISTANCE PROJECTS WORTH \$500,000 IN MAY, THEY ARE STILL PARTICIPATING IN ANOTHER THIRTY PROJECTS, INCLUDING THE THANH LONG BRIDGE. WE HAVE HEARD NO REPORTS OF INTERRUPTION IN THE TRANSPORTATION NETWORK LINKING THE TWO COUNTRIES. RELATIONS HAVE DETERIORATED OVER THE PAST TWO MONTHS WITH STRIKING RAPIDITY, HOWEVER, AND FURTHER CONTROVERSIES OVER THE SHIPBOARD REPATRIATION OF ETHNIC CHINESE SEEM LIKELY. GIVEN THIS CIRCUMSTANCE, WE WOULD NOT BE SURPRISED TO SEE MOVES TO WEAKEN CHINA'S REMAINING ECONOMIC TIES TO VIETNAM.
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